

40A:12-31 to 40A:12-38

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40A:12-31 to 40A:12-38 "Urban Homesteading Act"
LAWS OF: 1988 **CHAPTER:** 148
BILL NO: S584
SPONSOR(S): Rice
Date Introduced: Pre-filed
Committee: **Assembly:** Community Development & Urban Affairs
Senate: County and Municipal Government
Amended during passage: Yes Amendments denoted by asterisks
according to Governor's recommendations
Date of Passage: **Assembly:** July 11, 1988 Re-enacted 10-27-88
Senate: May 2, 1988 Re-enacted 9-26-88
Date of Approval: November 3, 1988
Following statements are attached if available:
Sponsor statement: Yes
Committee statement: **Assembly** Yes
Senate Yes
Fiscal Note: No
Veto Message: Yes
Message on Signing: No
Following were printed:
Reports: No
Hearings: No
See newspaper clipping-- attached:
"Homestead bill signed for cities," Star Ledger 11-5-88.

rdv

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Senator RICE

1 AN ACT enabling municipalities to establish urban homesteading
programs and supplementing Title 52 of the Revised Statutes.

3

BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

1. This act shall be known and may be cited as the "Urban
7 Homesteading Act."

2. The Legislature finds and declares that:

9 a. There exists within this State a serious shortage of decent,
safe, and sanitary dwelling units for persons of limited means,
11 particularly in urban centers such as Newark, Irvington, Paterson,
Trenton and Camden;

13 b. In those same centers in which the housing crisis is most
severe, many residential properties have been acquired by
15 municipalities because of their abandonment or the failure on the
part of their owners to pay property taxes;

17 c. Owing to their abandonment and neglect, these structures
are generally unsafe and unsound, posing a threat to local
19 residents and undermining the stability of entire neighborhoods;

21 d. The already formidable demands placed upon these
governments in attempting to maintain acceptable levels of
municipal service in the face of declining assistance from higher
23 levels of government are only exacerbated by the financial
expense and administrative burden associated with the upkeep of
25 this obsolescent municipal property;

27 e. Not only does the persistence of this urban ill seriously
drain municipal coffers and undermine the physical and social
fabric of our major urban centers, but it also represents a
29 senseless waste of residential accommodation at a time when
affordable housing is becoming increasingly scarce;

31 f. If municipalities were provided with greater flexibility in
disposing of these municipally-owned residential buildings, they
33 would thereby be assisted in diminishing the onerous burdens

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted April 18, 1988.

² Senate amendment adopted in accordance with Governor's
recommendation September 19, 1988.

1 associated with property ownership under these circumstances, in
recycling housing units which are so vital, and finally, in
3 reversing the fortunes of neighborhoods which exist in the shadow
of these abandoned, obsolescent, and unsafe structures;

5 g. It is therefore in the public interest and a valid public
purpose for the Legislature to allow municipalities the discretion
7 to dispose of these residential properties for limited
consideration, through the establishment of urban homesteading
9 programs, in order to facilitate their reuse and, equally, to
encourage and promote the economic revitalization of this
11 State's urban centers.

3. As used in this act:

13 a. "Application" means all information required by the
municipality of an applicant in order to make a determination
15 regarding the sale of in rem property;

b. "In rem property" means any residential property consisting
17 of less than five dwelling units, to which a municipality has
acquired title pursuant to the "In Rem Tax Foreclosure Act
19 (1948)," P.L.1948, c.96 (C.54:5-104.29 et seq.);

c. "Enforcing agency" means the enforcing agency in any
21 municipality designated to administer and enforce the "State
Uniform Construction Code Act" pursuant to section 8 of
23 P.L.1975, c.217 (C.52:27D-126), and regulations promulgated
thereunder;

25 d. "Owner" means the owner or owners in fee of the property
or a lesser estate therein, a mortgagee or vendee in possession,
27 an assignee of rents, receiver, executor, trustee, lessee, or any
other person, firm or corporation, directly or indirectly in control
29 of a building, structure or real property;

e. "Qualified applicant" or "applicant" means an applicant for
31 an urban homestead who is at least 18 years of age upon
application;

33 f. "Urban homesteader" means a person who has been granted
title to an in rem property under the conditions set forth in this
35 act;

g. "Urban homesteading agency" or "homesteading agency"
37 means that governmental entity designated to administer the
urban homesteading program pursuant to section 4 of this act; and

39 h. "Urban homesteading program" means the process by which

1 title to in rem property is conveyed by a municipality to an urban
homesteader.

3 4. a. A municipality may, by ordinance, establish an urban
homesteading program. Any municipality which enacts such an
5 ordinance shall designate in that ordinance an existing
department of the municipality to serve as the urban
7 homesteading agency.

b. Notwithstanding the provisions of P.L.1971, c.199
9 (C.40A:12-1 et seq.) or any other law, rule or regulation to the
contrary, any municipality which enacts an ordinance pursuant to
11 subsection a. of this section may sell in rem property to a
qualified applicant for a selling price of no less than ²[\$500.00]
13 the minimum purchase price set by ordinance² and no more than
²[\$5,000.00] the maximum purchase price set by ordinance²;
15 provided, however, that no property may be sold pursuant to this
act unless the ¹[cost of repairs required to bring the property into
17 conformance with all applicable State and local codes exceeds
\$20,000.00, which shall be demonstrated by the applicant
19 according to the procedure included in the municipal ordinance
establishing the urban homesteading program and set forth
21 pursuant to subsection d. of this section] applicant makes a
commitment to the municipality that he will fulfill the work
23 entailed in the appraisal which is selected by the homesteading
agency from among those submitted by the applicant under
25 subsection d. of this section¹.

c. In order to be considered eligible to purchase an in rem
27 property pursuant to this act, an applicant shall demonstrate, to
the satisfaction of the homesteading agency, that the applicant
29 has the financial means to purchase the property ²[and to begin
rehabilitating it within 30 days of acquiring title to it and that
31 the applicant will inhabit it for 10 years from the date of
issuance of the certificate of occupancy]².

33 d. An ordinance establishing an urban homesteading program
shall include reasonable standards for demonstration of financial
35 means ², a minimum time period during which the homesteader
must occupy the premises, a specific time period within which
37 rehabilitation of the premises must commence, an overall
minimum and maximum purchase price for homestead properties
39 to be transferred² and penalties for not beginning rehabilitation

1 within ²[30 days] the specified time² and for not fulfilling the
2[10 year]² residency commitment.

3 The ordinance shall also require an applicant who proposes to
4 purchase an in rem property to include as part of the application
5 to purchase that property three independent appraisals of that
6 work required in order to bring the property into conformance
7 with all applicable State and local codes ¹and shall include
8 penalties for not fulfilling the work required in that appraisal
9 selected by the homesteading agency¹. The appraisals shall set
10 forth a detailed list of all materials required and the number of
11 hours of labor required in order to perform all of the necessary
12 tasks.

13 5. Within 30 days of the enactment of an ordinance
14 establishing an urban homesteading program and designating the
15 urban homesteading agency, the tax collector shall submit to the
16 homesteading agency a certified list of all in rem properties
17 within the municipality. At least quarterly thereafter, the tax
18 collector shall review and update that certified list and report
19 any changes in the number of in rem properties to the urban
20 homesteading agency.

21 6. a. Upon receiving the ¹[report of the enforcing agency] list
22 of in rem properties in the municipality¹ pursuant to section 5 of
23 this act, the urban homesteading agency shall publish at least
24 twice a notice in a newspaper having general circulation in the
25 county in which the property which is suitable for rehabilitation
26 is available. The notice shall contain the following information:
27 (1) that certain in rem property is available for acquisition; (2)
28 that in order to be considered eligible to acquire the property,
29 applicants must fulfill criteria which are set forth in the notice;
30 (3) the procedures for applying for an urban homestead; and (4)
31 the deadline for submitting the application. The second notice
32 shall be published not less than two weeks before the application
33 deadline.

34 b. Within 30 days after the application deadline, the urban
35 homesteading agency shall recommend to the governing body the
36 transfer of in rem property to qualified applicants who have
37 demonstrated their ability to acquire the necessary financial and
38 technical resources to rehabilitate, own and manage urban
39 homestead property under the terms and conditions set forth in

1 section 4 of this act and under any other conditions determined
by the homesteading agency.

3 7. The transfer of the urban homesteading property to the
applicant selected pursuant to section 6 of this act shall be made
5 pursuant to a contract of sale and rehabilitation between the
municipality and the transferee which shall provide, among other
7 things, that (1) the property transferred shall be rehabilitated for
residential use and be brought into and maintained in conformity
9 with all applicable State and local codes; (2) the rehabilitation
shall commence and be completed within the time period
11 specified in the ordinance; and (3) representatives of the urban
homesteading agency, the municipality, and, where State or
13 federal assistance is involved, representatives of State or federal
governments shall have access to the property during normal
15 business hours for the purpose of inspecting to ensure compliance
with the provisions of this section.

17 8. Within 30 days following the enactment of an ordinance
establishing an urban homesteading program, the municipal clerk
19 shall file a copy of the ordinance with the Director of the
Division of Local Government Services and the Director of the
21 Division of Housing and Development of the Department of
Community Affairs.

23 9. This act shall take effect immediately.

25

MUNICIPALITIES

27

Housing

29 Enables municipalities to establish urban homesteading programs.

5 within the time period specified in the ordinance; and (3)
7 representatives of the urban homesteading agency, the
9 municipality, and where State or federal assistance is involved,
11 representatives of State or federal governments shall have
13 access to the property during normal business hours for the
15 purpose of inspecting to ensure compliance with the provisions
17 of this section.

8. Within 30 days following the enactment of an ordinance
13 establishing an urban homesteading program, the municipal clerk
15 shall file a copy of the ordinance with the Director of the
17 Division of Local Government Services and the Director of the
19 Division of Housing and Development of the Department of
21 Community Affairs.

9. This act shall take effect immediately.
19

21 STATEMENT

23 This bill, designated the "Urban Homesteading Act," would
25 authorize any municipality to enact an ordinance to establish an
27 urban homesteading program.

A municipality which initiates such a program is enabled to
27 enter into a contract of sale and rehabilitation with an applicant
29 regarding an in rem property which, by definition, is a
31 municipally-owned residential property of less than five
dwelling units to which the municipality has acquired title
through tax foreclosure proceedings.

The agency charged with overseeing the program is referred
33 to as the "urban homesteading agency", which is to be a
35 department of municipal government. The bill authorizes a
37 municipality which enacts an ordinance to sell an in rem
39 property for between \$500.00 and \$5,000.00 to an applicant who
41 must spend no less than \$20,000.00 in order to bring the property
up to applicable State and local codes. One of the conditions of
purchase specifies that an applicant must be prepared to begin
rehabilitation of the in rem property within 30 days of acquiring
title to it.

5727

ASSEMBLY COMMUNITY DEVELOPMENT AND
URBAN AFFAIRS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 584

STATE OF NEW JERSEY

DATED: JUNE 2, 1988

The Assembly Community Development and Urban Affairs Committee favorably reports Senate Bill No. 584 (1R).

Senate Bill No. 584 (1R), designated the "Urban Homesteading Act," would authorize any municipality to enact an ordinance to establish an urban homesteading program.

A municipality which initiates such a program is enabled to enter into a contract of sale and rehabilitation with an applicant regarding an in rem property which, by definition, is a municipally-owned residential property of less than five dwelling units to which the municipality has acquired title through tax foreclosure proceedings.

The agency charged with overseeing the program is referred to as the "urban homesteading agency", which is to be a department of municipal government. The bill authorizes a municipality which enacts an ordinance to sell an in rem property for between \$500 and \$5,000 to an applicant who makes a commitment to the municipality that he will bring the property up to applicable State and local codes, as required in the appraisal for the property selected by the homesteading agency. One of the conditions of purchase specifies that an applicant must be prepared to begin rehabilitation of the in rem property within 30 days of acquiring title to it.

The ordinance establishing the urban homesteading program is to include reasonable standards for demonstration of financial means to purchase and rehabilitate the property and penalties for not beginning rehabilitation within 30 days or for not fulfilling the work required in the appraisal selected by the homesteading agency. An applicant must also make a commitment to live in the urban homestead for 10 years following the date of receiving a certificate of occupancy; the ordinance must include appropriate penalties if this condition of purchase is violated.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 584

STATE OF NEW JERSEY

DATED: January 21, 1988

1 The Senate County and Municipal Government Committee
reports favorably Senate Bill 584.

3 Senate Bill 584, designated the "Urban Homesteading Act,"
would authorize any municipality to enact an ordinance to
5 establish an urban homesteading program.

A municipality which initiates such a program is enabled to
7 enter into a contract of sale and rehabilitation with an applicant
regarding an in rem property which, by definition, is a
9 municipally-owned residential property of less than five dwelling
units to which the municipality has acquired title through tax
11 foreclosure proceedings.

The agency charged with overseeing the program is referred to
13 as the "urban homesteading agency", which is to be a department
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15 which enacts an ordinance to sell an in rem property for between
\$500 and \$5,000 to an applicant who must spend no less than
17 \$20,000 in order to bring the property up to applicable State and
local codes. One of the conditions of purchase specifies that an
19 applicant must be prepared to begin rehabilitation of the in rem
property within 30 days of acquiring title to it.

21 The ordinance establishing the urban homesteading program is
to include reasonable standards for demonstration of financial
23 means to purchase and rehabilitate the property and penalties for
not beginning rehabilitation within 30 days. An applicant must
25 also make a commitment to live in the urban homestead for 10
years following the date of receiving a certificate of occupancy;
27 the ordinance must include appropriate penalties if this condition
of purchase is violated.

29 This bill was pre-filed for introduction in the 1988 session
pending technical review. As reported, the bill includes the
31 changes required by technical review which has been performed.